



# International Diploma in Risk Management

## Module two: Risk and Organisations

### Module aims

The aims of this Module are to take students through the different dimensions of risk and how risk influences organisations. This then leads to an understanding of how risks change for different organisations and how they respond. Through the use of analysis of corporate governance styles and the over-riding culture of a firm, and by reviewing case studies, create the ability in students to understand and assimilate the management approaches that result in a given response to risk.

The key learning message in Module Two is that students need to appreciate that the risk management techniques that are learned through the IRM Diploma course are highly practical but they do need to be adapted to the specific, real-world organisational setting in which the student will be applying that knowledge.

The case studies contained within the Module Two text are employed to illustrate real life examples of how risk issues are addressed. Students will gain experience of looking at each organisation's unique approach to risk management.

### Module syllabus

Understanding how risks change for different organisations and how they respond. Why different organisations react differently.

**Unit One: Understanding the risk environment.** Regulatory environment; legal sensitivity; the effect of licensing and other constraints on business. Special hazardous activities (e.g. construction, healthcare, transport). Environmental factors; weather, pollution risks, political stability. Brand risk issues.

Understanding how these issues drive the 'risk emphases in an organisation.

**Unit Two: Organisational structures and their impact on risk management.** Centrally controlled versus diversified organisations. Understanding the role of the centre in establishing risk management responses and in setting risk appetite and risk tolerance. Culture of devolution of responsibility with accountability.

**Unit Three: Risk governance.** How risk management functions are positioned within organisations; reporting lines; CRO function; Terms of Reference for risk/audit and other teams.

Understanding how all aspects of risk are managed in organisations – risk committees, risk roundtables.

How corporate governance requirements motivate directors towards risk management. Role of shareholders in influencing risk management. Importance of risk reporting, internally up through and across organisations and externally to stakeholders.

**Unit Four: Acceptance of risk in organisations.** How risk appetite drives an organisation's response to risk. What characterises an organisation's approach to the tolerance, aversion and appetite for risk. National cultures and their influence on the risk profile of an organisation. Business strategies in transferring and avoiding risks.

How Contingency Planning, Crisis Management and Recovery Planning play their part in managing risk.